

**Section: 2.0 General Government and Administrative Services
- B. Finance**

Authority: General Manager of Corporate Services

Statement

It is the policy of the Municipal District of Bonnyville (M.D.) to invest municipal funds in a manner that will provide a reasonable rate of return with the maximum security while meeting the daily cash flow needs of the municipality and conforming to all applicable law.

Purpose

To govern the management of the M.D.'s surplus funds and investment portfolio.

Definitions

For the purposes of this policy:

- (1) "Investment Officer" means the delegates approved by the Chief Administrative Officer to manage and implement the investment program and includes the General Manager of Corporate Services, or, in his/her absence the Senior Treasury Analyst;
- (2) "Un-restricted Surplus Funds" means funds available for investment purposes not assigned to a specific purpose where investment income accrues to general revenue;
- (3) "Restricted Surplus Funds" means funds approved by Council resolution for a specific purpose where investment income accrues to general revenue;
- (4) "Reserve Funds" means parks and school reserves where investment income accrues to the specific reserve fund.

Policy

This policy applies to all investments of the municipality.

(1) Primary Objectives

The primary objectives of the Investment Program, in priority order, shall be:

- (a) Adherence to Statutory Requirements: All investment activities shall be governed by the Municipal Government Act (MGA) as amended. All investments will be those deemed eligible under the MGA and Alberta Regulation, unless limited further by Council;
- (b) Preservation of Capital: Safety of the principal is an important objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Staff shall endeavour to mitigate credit and interest rate risk;
- (c) Maintenance of Liquidity: If cash flows are unpredictable, liquidity should be kept high in order to cope with unplanned events;

- (d) Rate of Return Maximization: The challenge is to obtain the best ongoing return possible subject to the self-imposed constraints of other parts of the investment policy, not by compromising them;
- (2) Standards of Care
Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Investment officers acting in accordance with written procedure and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risks or market price changes, provided that:
- (a) deviations from expectations are reported in a timely fashion;
 - (b) the liquidation or the sale of securities are carried out in accordance with the terms of this policy.
- (3) Ethics and Conflict of Interest
- (a) M.D. officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
 - (b) M.D. employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.
 - (c) M.D. employees and officers shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the Municipality.
- (4) Delegation of Authority
The Chief Administrative Officer is responsible for the prudent investment of the municipality's portfolio.
- (a) The delegate to whom authority has been granted to manage and implement the investment program shall act in accordance with the established procedures and internal controls consistent with this investment policy.
 - (b) No person shall engage in an investment transaction except as provided under the terms of this policy.
 - (c) The Chief Administrative Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.
- (5) Competitive Selection
- (a) The investment of restricted and unrestricted surplus funds shall be transacted through a competitive process with financial institutions approved by the Chief Administrative Officer.

- (b) The municipality will accept the offer that optimizes the investment objectives of the portfolio.
 - (c) A minimum of three quotations shall be requested for each short-term or long-term transaction prior to placement, considering the existing market conditions at the time of placement.
 - (d) Written records shall be retained of each transaction including the name of the institution solicited, rate quoted, description of the security, investment selected, as well as any other considerations that impacted the decision. If the highest yield security was not selected, an explanation describing the rationale shall be included in this record.
- (6) Safekeeping and Custody
All securities shall be held for safekeeping by a financial institution approved by the M.D. Individual accounts shall be maintained for each portfolio. All securities shall be held in the name of the municipality.
- (7) Internal Controls
The General Manager of Corporate Services shall establish an annual process of independent review by the municipality's auditor. This review will provide assurance of compliance with governing legislation, this investment policy and procedures established by the Chief Administrative Officer.
- (8) Investment Parameters
The municipality shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in and length of maturity.
- (9) Reporting
The General Manager of Corporate Services shall present quarterly reports to Council that provides a clear picture of the status of the current investment portfolio.
- (10) Performance Standards
The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

Review Period

Within five (5) years from date adopted / amended / reviewed.

For administrative use only:

Previous Policy Number: (prior to July 24, 2019)	10.12.02
Related Documentation: (plans, bylaws, policies, procedures, etc.)	